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RUEHLH/AMCONSUL LAHORE PRIORITY 2651
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RUEKDIA/DIA WASHINGTON DC PRIORITY
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C O N F I D E N T I A L SECTION 01 OF 02 KARACHI 000049

SIPDIS

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TAGS: [ENRG](#) [ECON](#) [PREL](#) [PGOV](#) [IR](#) [PK](#)
SUBJECT: SINDH - IRAN OFFERS PAKISTAN ELECTRICITY,
TRANSMISSION LINE UPGRADES

REF: A. 08 ISLAMABAD 3737
[1](#)B. KARACHI 27
[1](#)C. KARACHI 45

Classified By: Classified by Consul General Stephen Fakan for reasons 1
.4 b and d.

[1](#)1. (C) Summary: During a January 31 meeting co-sponsored by the Pak Iran Friendship society in Karachi, the Iranian Ambassador to Pakistan claimed that his country has offered 1,135MW of energy to Pakistan, an offer he said that could double. He said that poor transmission infrastructure in Balochistan was the main impediment to this deal, but offered Iranian help to improve it. The Iranian envoy claimed the GOP and GOI had made a breakthrough in a proposed natural gas pipeline from Iran to Pakistan, without elaborating.

Iranian Offer of Electricity to Pakistan

[1](#)2. (SBU) On January 31, Iranian Ambassador to Pakistan Mashallah Shakari told a crowd of around 60 at the Pakistan Institute of International Affairs in Karachi that his country has offered to supply 1,135 MW of electricity to Pakistan. He said Iranian representatives made the offer at a December meeting in Islamabad with Pakistan Minister of Water and Power Raja Pervez Ashraf. Shakari added that his government was ready to double the offer, but said the GOP lacked sufficient transmission infrastructure from the Balochistan border with Iran to Quetta. He then explained that Iran was willing to help upgrade the electricity transmission system if the GOP requested assistance. (Note: He explained that the original offer included provision of 35MW to the Balochistan border area, 100MW to Gwadar, and 1000MW to "the rest of Pakistan." End note.)

Gas Pipeline Project

[1](#)3. (C) Shakari claimed that, during a January meeting in Islamabad, the Iranian and Pakistani Petroleum Ministers had "made progress" on an agreement for construction of a gas pipeline (the IPI Gas Pipeline Project) that would supply Pakistan with Iranian natural gas. He defended the price Iran would charge for the gas as a necessary reaction to world prices. (Note: The project has long been stalled over high and often changing Iranian price demands, as well as distrust between India and Pakistan on security of supply. End note.)

Pak Iran Joint Investment Company Focusing on Energy Projects

14. (C) Mian Sajjad Ahmed, an official with the Pak Iran Joint Investment Company, told Post that his organization is exploring joint Pakistan-Iran energy projects involving wind and solar energy along with oil and gas projects. Ahmed, who said he is former Citibank employee, explained that Iranian companies are easier to work with than Pakistani companies because they are more straightforward and less corrupt. He added that his company has a number of former Citibank and Bank of America officials. (Note: According its website, www.pijicl.com, the Pak Iran Joint Investment Company was created by an agreement between the GOP and the GOI. End note.)

Comment

15. (C) The conference, co-sponsored by the Pak-Iran Friendship Association to commemorate the 30th anniversary of the "Islamic Revolution," appears to be the latest in a series of Iranian efforts to generate support in Pakistan with the aid of local groups (ref B), particularly in business and energy related areas. However, the Iranians appear to lack much official support in Sindh province. The seats near the podium reserved for Sindh Chief Minister Qaim Ali Shah and Retired Pakistan Supreme Court Justice Sajjad Ali Shah remained empty throughout the event.

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16. (C) In his speech and discussion with the crowd afterwards, Ambassador Shakari appeared to be making a case for increasing Iranian ties to Pakistan's energy sector, rather than announcing any sort of breakthrough. He did not give any specifics regarding the progress he claimed the GOP and GOI had made regarding the natural gas pipeline deal.
FAKAN